Corporate Counsel Daily, Democratic lawmakers question CFTC on Polymarket's war-related wagers, (Apr 9, 2026)

By Suzanne Cosgrove



Congressmen ask why the Commission has failed to act against offshore prediction market platforms that allow bets on U.S. military operations.

Led by Reps. Seth Moulton (D-Mass.) and Jim McGovern (D-Mass.), seven members of Congress sent a letter dated April 6 to CFTC Chairman Michael Selig demanding why the agency has failed to take action against offshore prediction market platforms -- including Polymarket, which claims to be the world's largest prediction market -- that allow trades that project the outcome of U.S. military operations.

"It is morally corrupt and completely unacceptable for these platforms to allow people to bet on whether American service members live or die," said Moulton, in a release. "This is not a game. The CFTC has the authority to stop this, and we want to know why it hasn't."

The letter was also signed by Reps. Greg Casar (D-Texas), Jamie Raskin (D-Md.), Dina Titus (D-Nev.), Gabe Amo (D-R.I.), and Yassamin Ansari (D-Ariz).

The CFTC had no immediate comment on the letter Thursday when contacted by *Securities Regulation Daily*.

CEA cited. Backing up their complaint against the event contracts, the congressmen cited CFTC Regulation 40.11, which prohibits the listing of contracts that "involve, relate, or reference terrorism, assassination, war, gaming, or an activity that is unlawful under any State or Federal law."

In addition, they noted the CFTC has the authority under the Commodities Exchange Act to apply its rules and regulations to prevent the evasion of the CEA's underlying swap provisions, which would include the Commission's Section 6(c)(1) authority to prohibit fraudulent and manipulative behavior.

Furthermore, Section 2(i) of the CEA allows the CFTC to apply any rule or regulation issued under the CEA when swap activities outside the United States have a significant connection with activities in, or effect on, commerce of the United States, they noted.

"This should especially be clear for contracts that are as morally obscene as betting on military action in Venezuela and Iran," the lawmakers wrote. "Such corrupt trades deserve swift and decisive oversight. Allowing these contracts to persist raises troubling concerns about the Commission's desire and capacity to fulfill a global regulatory role."

Questions posed. The letter requested responses from the CFTC to a handful of questions by April 15, including:

- Why has the Commission neglected to take public action, thus far, against prohibited war, terrorism, or assassination swaps issued by non-U.S. entities?
- Does the Commission agree that it has the authority to regulate insider trading, as a form of market manipulation, and swaps that violate Rule 40.11, even if the violations occur outside the United States?
- Does the Commission have adequate enforcement capacity to regulate insider trading, market manipulation and swaps that violate Rule 40.11 on U.S.-regulated exchanges?

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- Did the Commission discuss with Polymarket the continued listing of swaps prohibited by Rule 40.11 during negotiations to allow Polymarket's reentry into the United States?
- Does the Commission believe it has adequate statutory authority to regulate insider trading within prediction markets?
- Is the Commission aware of any conflicts of interest between major market participants and family members of Executive Branch officials, including the president?

A broader push. The letter follows a broader push by Moulton on prediction market oversight and possible conflicts of interest in those markets. Last week, he condemned a Polymarket page that allowed users to bet on the rescue of downed U.S. airmen in Iran.

Polymarket subsequently removed the market that bet on the airmen's safety, stating on X, "We took this market down immediately as it does not meet our integrity standards." It added: "It should not have been posted, and we are investigating how this slipped through our internal safeguards."

Polymarket US is currently operated by QCX LLC d/b/a Polymarket US, a CFTC-regulated Designated Contract Market. Its international platform is not regulated by the CFTC and operates independently.

In January 2022, the CFTC settled charges against Blockratize, Inc. d/b/a Polymarket, for operating an unregistered facility for event-based binary options online trading contracts. The CFTC order required that Polymarket pay a $1.4 million civil monetary penalty and wind down any of its markets that did not comply with the CEA and applicable CFTC regulations.

Polymarket was allowed to return to the U.S. market in November 2025 after the Commission issued an Amended Order of Designation permitting it to operate an intermediated trading platform, subject to the requirements applicable to federally regulated U.S. exchanges.

Companies: Polymarket

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